

Firm Brochure

(Part 2A of Form ADV)

LIGHTHOUSE ASSET MANAGEMENT, LLC

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This brochure provides information about the qualifications and business practices of LIGHTHOUSE ASSET MANAGEMENT, LLC. If you have any questions about the contents of this brochure, please contact us at: 978-282-8280, or by email at: lighthouseasset@gmail.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about LIGHTHOUSE ASSET MANAGEMENT, LLC is available on the SEC's website at www.adviserinfo.sec.gov

March 15, 2011

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 978-282-8280 or by email at: lighthouseasset@gmail.com.

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Advisory Business

Firm Description

LIGHTHOUSE ASSET MANAGEMENT was founded in 1997.

LIGHTHOUSE ASSET MANAGEMENT provides personalized confidential investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, investment management, education funding.

LIGHTHOUSE ASSET MANAGEMENT is strictly a fee-only investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

LIGHTHOUSE ASSET MANAGEMENT does not act as a custodian of client assets. The client always maintains asset control. LIGHTHOUSE ASSET MANAGEMENT places trades for clients under a limited power of attorney.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone or in person, is free of charge and is considered an exploratory interview to determine the extent to which investment management may be beneficial to the client.

Principal Owners

JAMES McCALL is a 95% stockholder. DANA BLAKE is a 5% stockholder.

Types of Advisory Services

LIGHTHOUSE ASSET MANAGEMENT provides investment supervisory services, also known as asset management services; manages investment advisory accounts; furnishes investment advice through consultations.

As of March 15, 2011, LIGHTHOUSE ASSET MANAGEMENT manages approximately \$38 million in assets for approximately 62 clients.

Approximately \$38 million is managed on a discretionary basis, and \$ 0 is managed on a non-discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented and investment strategies are created that reflect the stated goals and objectives. Clients

may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

Advisory Service Agreement

Most clients choose to have Lighthouse Asset Management manage their assets in order to obtain ongoing in-depth advice. All aspects of the client's investment affairs are reviewed. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship.

The annual Advisory Service Agreement fee is based on a percentage of the investable assets according to the following schedule:

1.00% on the first \$1,000,000;
0.80% on the next \$2,000,000;
0.60% on the next \$2,000,000;
Over \$ 5,000,000 is Negotiable

The minimum annual fee is \$3,000. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the time of termination is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

Asset Management

Assets are invested primarily in stocks, preferred stocks, bonds, exchange-traded funds, and mutual funds usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds are purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. Lighthouse Asset Management does not receive any compensation, in any form, from fund companies.

Investments may include: equities (stocks), preferred stocks, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities, mutual funds shares, exchange traded funds, U. S. government securities, and interests in partnerships.

Initial public offerings (IPOs) are not available through Lighthouse Asset Management..

Termination of Agreement

A Client may terminate the aforementioned agreement at any time by notifying Lighthouse Asset Management in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination.

Lighthouse Asset Management may terminate the aforementioned agreement at any time by notifying the client in writing.

Fees and Compensation

Description

Lighthouse Asset Management bases its fees on a percentage of assets under management,

Fees may be *NEGOTIABLE depending on circumstances*.

Fee Billing

Investment management fees are billed quarterly, in *ARREARS*, meaning that we invoice you *AFTER* the three-month billing period has *ENDED*. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Lighthouse Asset Management, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company

charges 0.5% for their services. These fees are in addition to the fees paid by you to Lighthouse Asset Management.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

Lighthouse Asset Management reserves the right to stop work on any account that is more than 60 days overdue.

Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Lighthouse Asset Management does not use a performance-based fee structure because of the potential conflict of interest.

Types of Clients

Description

Lighthouse Asset Management generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

Client relationships vary in scope and length of service.

Account Minimums

The minimum account size is \$300,000 of assets under management, which equates to an annual fee of \$3,000.

When an account falls below \$300,000 in value, the minimum annual fee of \$3,000 is charged.

Lighthouse Asset Management has the discretion to waive the account minimum. Accounts of less than \$ 300,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$300,000 within a reasonable time. Other exceptions will apply to employees of Lighthouse Asset Management and their relatives, or relatives of existing clients.

Clients receiving ongoing asset management services will be assessed a \$3,000 minimum annual fee. Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that Lighthouse Asset Management may use include Value Line, Charles Schwab & Company's "SchwabLink" service, Advisor Intelligence, and the World Wide Web.

Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation and security selection. Portfolios are broadly diversified to control the risk associated with traditional markets. Investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Other strategies may include long-term purchases, short-term purchases, trading, and margin transactions(if instructed by the client).

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The employees of Lighthouse Asset Management have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Lighthouse Asset Management and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the Lighthouse Asset Management *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of Lighthouse Asset Management is James R. McCall. He reviews all employee trades each quarter. His trades are reviewed by Dana Blake. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small, the trades do not affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

Lighthouse Asset Management does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. Lighthouse Asset Management recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Lighthouse Asset Management recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab & Co.

Lighthouse Asset Management *DOES NOT* receive fees or commissions from any of these arrangements.

Best Execution

Lighthouse Asset Management reviews the execution of trades at each custodian each quarter. The review is documented in the Lighthouse Asset Management *Compliance Manual*. Trading fees charged by the custodians is also reviewed on a quarterly basis. Lighthouse Asset Management does not receive any portion of the trading fees.

Review of Accounts

Periodic Reviews

Account reviews are performed quarterly by advisors James R. McCall, President and Dana Blake, Executive VP. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

Account reviewers are members of the firm's Investment Committee. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an annual basis. *Investment Management* clients receive written quarterly updates. The written updates may include a portfolio statement, income and expense statement, purchase and sale statement, and a performance statement.

Client Referrals and Other Compensation

Incoming Referrals

Lighthouse Asset Management has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does compensate referring parties for these referrals where appropriate.

Referrals Out

Lighthouse Asset Management does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Custody

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Lighthouse Asset Management.

Investment Discretion

Discretionary Authority for Trading

Lighthouse Asset Management accepts discretionary authority to manage securities accounts on behalf of clients. Lighthouse Asset Management has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client approves the custodian to be used and the commission rates paid to the custodian. Lighthouse Asset Management does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved .

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

Voting Client Securities

Proxy Votes

Unless the client designates otherwise, Lighthouse Asset Management votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. A copy of Lighthouse Asset Management's proxy voting policy is available upon request.

Financial Information

Financial Condition

Lighthouse Asset Management does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Lighthouse Asset Management does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600 per client, and six months or more in advance.

Business Continuity Plan

General

Lighthouse Asset Management has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Information Security Program

Information Security

Lighthouse Asset Management maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

Lighthouse Asset Management is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated

third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

Lighthouse Asset Management requires that advisors in its employ have a bachelor's degree and further coursework or work experience demonstrating knowledge of investment analysis. Examples of acceptable coursework include: an MBA, a CFP®, a CFA, a ChFC, JD, CTFA, EA or CPA.

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

Enrolled Agent (EA): Enrolled Agents are enrolled by the Internal Revenue Service and authorized to use the EA designation. EA enrollment requirements:

- Successful completion of the three-part IRS Special Enrollment Examination (SEE), or completion of five years of employment by the IRS in a position which regularly interpreted and applied the tax code and its regulations.
- Successfully pass the background check conducted by the IRS.

JAMES R. McCALL, CERTIFICATIONS

Educational Background:

- Date of Birth: March 16, 1945:

- College: Boston College AB 1967
- Graduate School: Iona College MBA 1969
- Licenses: Chartered Financial Analyst 1978

Business Experience: President and Chief Investment Officer for Lighthouse Asset Management from November 1997 to present. President and Chief Investment Officer of Keystone Investment Management from 1991 to 1997. Senior Vice President of Keystone Custodian Funds, Portfolio Manager, Director of Equity Research, and Security Analyst from 1971 to 1991.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

James R. McCall is supervised by Dana Blake, Executive Vice President. He reviews James McCall's work through frequent office interactions as well as remote interactions.

Dana Blake's contact information:
978-282-8285 EMAIL: ibis22000@yahoo.com

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

DANA P. BLAKE, JR, CERTIFICATIONS

Educational Background:

- Date of birth: July 13, 1942
- College: University of Miami BBA 1967
- Licenses: Series 65

Business Experience: Executive Vice President for Lighthouse Asset Management from November 2002 to present. Account Manager for State Street Corp. from January 1978 to April 2002.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision:

Dana P. Blake, Jr is supervised by James R. McCall, President. He reviews Dana P. Blake's work through frequent office interactions as well as remote interactions.

James R. McCall's contact information:
978-282-8280 EMAIL lighthouseasset@gmail.com

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None